

**CHIMO GOLD MINES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Six Months Ended June 30, 1968**

NOTE 1 The Company's claim for assistance under the Emergency Gold Mining Assistance Act is subject to audit and approval by the Federal Government.

NOTE 2 The Company has been named the defendant in an action in the Quebec courts for \$50,000 damages as the result of an accidental death on the Company's Vauquelin Township property. The Company is defending itself against the action and in the opinion of counsel the Company has a valid defence.

NOTE 3 Under an Agreement dated March 5, 1968, the Company purchased 50,000 shares of Aggressive Mining Limited for \$7,500. In addition the Company has spent \$8,088 and is committed to spend a further \$34,412 on a property owned by Aggressive Mining Limited. In consideration for the expenditures on the property the Company will receive 250,000 shares of Aggressive. The Company also has the option to purchase 100,000 shares at 25¢ per share, exercisable on or before August 27, 1968, and a further 100,000 shares at 30¢ per share, exercisable on or before November 27, 1968.

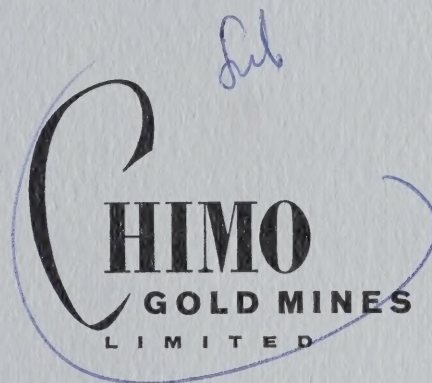
NOTE 4 The aggregate remuneration paid to the directors and senior officers (as defined by the Corporations Act) totalled \$5,560.

**INTERIM**

*report*

**FOR THE SIX MONTHS**

**ENDED JUNE 30, 1968**



**HEAD OFFICE**

**SUITE 1000, MONTREAL TRUST TOWER  
11 KING STREET WEST, TORONTO, ONT.**





# CHIMO GOLD MINES LIMITED

## INTERIM REPORT

For the Six Months Ended June 30, 1968

To the Shareholders:

The Company has undertaken an active exploration program during the first half of the year and continued activity is planned for the future.

In the Kapikotongwa Lake area, north of Nakina, Ontario, geophysical surveys have been completed and diamond drilling has been performed on the property of Nakina Mines Limited, but results on this property have not been encouraging. Geophysical surveys and geological mapping have been performed on other properties in the area, owned jointly with United States Smelting. The results of this work are still being assessed and are sufficiently encouraging to warrant further exploration.

The Company has agreed to incur expenditures on a property of Aggressive Mining Limited and will receive 300,000 shares of Aggressive after an expenditure of \$50,000. The Company also has an option to acquire an additional 200,000 shares of Aggressive. The property consists of a 64,000-acre Exploratory Licence of Occupation in the North Channel of Lake Huron and lies directly south of the Elliot Lake uranium district. Geological mapping of the islands within the property indicates that it is a favourable uranium area. Diamond drilling is in progress.

For many years the Company has owned a property in Louvicourt Township, Quebec. Early this year the Quebec government Exploration Company located copper values by diamond drilling in Louvicourt. Chimo's five claims are south and adjacent to this property. A geophysical survey, recently completed, located a small anomaly which will be diamond drilled by your Company.

Diamond drilling has been performed on an optioned uranium property in Northwestern Ontario and the core is being analyzed to determine if the occurrence has economic significance.

The Company's participation in royalties from The Griffith Mine, through ownership of shares in The Iron Bay Trust, is providing revenue during this year. Plant tune-up operations at The Griffith Mine started in late March, and to the end of June 154,746 tons of high grade iron ore pellets were shipped from the property. It is expected that the full production rate will be attained later in the year.

A. C. MOSHER,  
President.

August 12, 1968.

# CHIMO GOLD MINES LIMITED

## INTERIM STATEMENT OF INCOME For the Six Months Ended June 30, 1968

	1968	1967
<b>Revenue:</b>		
Royalty revenue .....	\$ 20,700	—
Bullion production and assistance under the Emergency Gold Mining Assistance Act (Note 1) .....	—	698,402
Interest .....	8,600	—
	<u>29,300</u>	<u>698,402</u>
<b>Expenses:</b>		
Mining and milling costs .....	—	430,986
Exploration .....	33,146	—
Administrative and corporate ..	20,335	15,292
Maintenance and carrying costs of mine property .....	3,482	—
	<u>56,963</u>	<u>446,278</u>
<b>Operating (Loss) Income .....</b>	<b>\$ (27,663)</b>	<b>252,124</b>

## INTERIM STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the Six Months Ended June 30, 1968

	1968	1967
<b>Sources of Funds:</b>		
Operating (loss) income .....	\$ (27,663)	252,124
Depreciation of prospecting and head office equipment .....	2,434	1,680
Funds provided from operations	(25,229)	253,804
Proceeds from disposal of mine plant and equipment .....	47,184	8,025
	<u>21,955</u>	<u>261,829</u>
<b>Application of Funds:</b>		
Purchase of shares in associated Companies .....	107,500	—
Expenditures on other mining claims .....	—	1,591
Special refundable tax .....	662	3,027
Additions to fixed assets .....	5,696	6,918
	<u>113,858</u>	<u>11,536</u>
<b>(Decrease) Increase in Working Capital Position .....</b>	<b>(91,903)</b>	<b>250,293</b>
Working capital (deficiency) at beginning of year .....	421,755	(48,512)
<b>Working Capital at end of period</b>	<b>\$ 329,852</b>	<b>201,781</b>